

RULE IMPACT STATEMENT OAC 660:11

Pursuant to the Administrative Procedures Act, Section 303.D of Title 75 of the Oklahoma Statutes, the Oklahoma Department of Securities (“ODS”) hereby submits the following Rule Impact Statement for PERMANENT rule proposals for OAC Title 660, Department of Securities, Chapter 11, Oklahoma Uniform Securities Act of 2004.

Brief Description of the Purpose of the Proposed Rule and Rule Amendments:

The proposed rule amendments clarify current regulatory procedure and exemption notice filing requirements in light of recent changes in federal law. The proposed revocation is of a rule that has become moot. The new rules would establish exemption notice requirements in light of recent changes in federal law and provide protection for vulnerable adults from financial exploitation.

Description of the classes of persons who most likely will be affected by the proposed rule, including classes that will bear the cost of the proposed rule, and any information on cost impacts received by the agency from any private or public entities:

The proposed rule amendments will affect a small number of issuers who previously would have been required to register such securities under Oklahoma law. The requirements for one category of offering will now require an exemption notification rather than registration of the securities. Such change can result in a reduction of fees for certain issuers but not in an amount that would be significant to the financial condition of the issuer.

Description of the classes of persons who will benefit from the proposed rule:

As to the proposed rule amendments, certain issuers may experience a slight decrease in fees associated with their offering of securities. Persons subject to ODS regulation and staff members may benefit from these amendments due to more precise information and greater clarification to aid in compliance. The new financial exploitation rule will provide protection to vulnerable adults and will provide a safe harbor for broker-dealers and investment advisers that act upon suspected financial exploitation of their clients.

Description of the probable economic impact of the proposed rule upon affected classes of persons or political subdivisions, including a listing for all fee changes and, whenever possible, separate justification for each fee change:

As to the proposed rule amendments and the new exemption from securities registration, no significant economic impact is expected on any affected classes of persons or political subdivisions. Although the previous total amount of fees in connection with a registration could vary from \$400 to \$2700, the vast majority of issuers in the past paid only the minimum amount. The fee for exemption notification is maintained at \$250. However, the anticipated small number of issuers that will be included in this class makes any reduction of revenue minimal. The rules do not change or create any fees.

As to the new financial exploitation rule, there likely would be some increase in costs in necessary recordkeeping and human resource allocations. At least some industry participants feel that any costs would be greatly outweighed by the considerable investor protections provided by the proposed rules to vulnerable adults.

The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rule, the source of revenue to be used

for implementation and enforcement of the proposed rule, and any anticipated effects on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

No significant amount of additional revenue will be needed for the implementation or enforcement of the proposed rule and rule amendments. The changes likely will increase efficiency of agency personnel due to greater clarity in compliance requirements for regulated persons.

A determination of whether implementation of the proposed rule will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rule:

Implementation of the proposed rule amendments will not have an economic impact on any political subdivisions or require the cooperation of political subdivisions in implementing or enforcing the rule.

A determination of whether implementation of the proposed rule may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

As to the new financial exploitation rule, at this point it would be virtually impossible to realistically quantify the economic effect on small businesses. There likely would be some increase in costs in necessary recordkeeping and human resource allocations. At least some industry participants feel that any costs would be greatly outweighed by the considerable investor protections provided by the proposed rules to vulnerable adults.

An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rule:

The Department's staff is unaware of any less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rule amendments.

A determination of the effect of the proposed rule on the public health, safety and environment and, if the proposed rule is designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk:

The new financial exploitation rule should have a beneficial effect on public health, safety and environment. The staff of the Department is unaware of any effect of the other proposed rule and amendments on the public health, safety and environment.

A determination of any detrimental effect on the public health, safety and environment if the proposed rule is not implemented:

Failure to implement the new financial exploitation rule would result in current situations that continue to have a negative effect on public health, safety and environment. The staff of the Department is unaware of any effect of the other proposed rule and amendments on the public health, safety and environment.

This rule impact statement was prepared on February 17, 2016.